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Message Text

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46
ACTION COME-00

INFO OCT-01 AF-10 EUR-25 IO-13 ADP-00 INT-08 SCEM-02

AID-20 CIAE-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

NSC-10 SS-15 STR-08 CEA-02 L-03 DODE-00 PA-03 USIA-15

PRS-01 AEC-11 GSA-01 OEP-01 RSR-01 /203 W
---------- 025813
R 071420Z AUG 73
FM AMEMBASSY BUJUMBURA
TO SECSTATE WASHDC 3946
INFO AMCONSUL BUKAVU
AMEMBASSY BRUSSELS
AMEMBASSY DAR ES SALAAM
AMEMBASSY KIGALI
AMEMBASSY KINSHASA
USMISSION USUN NEW YORK

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E.O. 11652: N/A
TAGS: EMIN, EADI, UNDP, BY
SUBJECT: INVESTEMENT POTENTIAL IN BURUNDI NICKEL AND PETROLEUM DISCOVERIES

DEPT PLEASE PASS USDOC FOR OIFI COM/BIC

REF BUJUMBURA A. 466; B. 750; C. 751; D. 775; E. USDOC 10612;
F. STATE 150722; G, STATE 153417 (NOTAL)

SUMMARY: UNDP REPORTS ESTIMATING NICKEL CONTENT IN SOUTH-CENTRAL BURUNDI SITE POUCHED DEPT AUG 7. APPEARS AT THIS TIME GRB UNLIKELY SIGN ANY EXPLOITATION COMMITEMENTS BEFORE COMPLETION OF U.N, SURVEY IN 4-6 MONTHS. US FIRM REPORTED TO HAVE SIGNED PETROLEUM EXPLORATION AGREEMENT. END SUMMARY.
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1. TWO PRELIMINARY UNDP MINERALS RESEARCH PROJECT REPORTS (IN FRENCH) DESCRIBING IN GENERAL TERMS NATURE AND EXTENT OF RECENT NICKEL, COPPER AND COBALT DISCOVERIES IN AREA 50 KMS SSE OF GITEGA POUCHED TO AF/C THIS DATE (AUG 7).

2. INITIAL REPORT, PREPARED BY PROJECT DIRECTOR WALEFFE, CONTAINS FOLLOWING ESTIMATES, SPECIFICALLY SUBJECT TO REVISION AFTER ADDITIONAL BORINGS:

A. TOTAL ORE: 180 MILLION TONS

B. TOTAL NICKEL METAL: 3.75 MILLION TONS

C. AVERAGE NICKEL ASSAY VALUE: 2.08 PERCENT

D. AVERAGE SPECIFIC GRAVITY OF ORE: 1.3 KG/DCM3

(ANNEXES TO BE POUCHED WHEN AVAILABLE)

3. SECOND REPORT, PREPARED BY PROJECT STAFF GEOLOGIST RADULESCU, CONTAINS WHAT HE TERMS "INDICATIVE VALUES, WITH NO PRETENSE OF BEING REPRESENTATIVE OF THE ENTIRE DEPOSIT WHICH SERVE ONLY TO DRAW ATTENTION TO THE ORDER OF MAGNITUDE OF THE DEPOSIT AND NOT (AS BASIS) FOR AN ECONOMIC CALCULATION". RADULESCU'S "INDICATIVE VALUES," LESS CONSERVATIVE THAN WALEFFE'S, ARE:

A. TOTAL ORE: 240 MILLION TONS

B. TOTAL NICKEL METAL: MORE THAN 5 MILLION TONS

C. AVERAGE NICKEL ASSAY VALUE: MORE THAN 2 PERCENT

D. AVERAGE SPECIFIC GRAVITY OF ORE: 1.85 KG/DCM3

4. CONVERSATIONS WITH OTHER PROJECT MEMBERS INDICATE SOME ACCEPTANCE IN GROUP OF RADULESCU'S MORE OPTIMISTIC FIGURES. OTHER MEMBERS ADD THAT SIGNS OF COPPER, COBALT AND PLATINUM IN SAME AREA AND TRACES OF URANIUM CLOSE BY, IF PROVEN, COULD SUBSTANTIALLY INCREASE VALUE OF DEPOSIT. AT THIS POINT, THEY FORESEE NO INSURMOUNTABLE TECHNICAL PROBLEMS IN CREATING
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EXTRACTION AND TRANSPORT INFRASTRUCTURE ALTHOUGH HYDROELECTRIC DAM WOULD OBVIOUSLY BE ESSENTIAL FOR FORMER AND MAJOR RESTRUCTURING EXISTING FACILITIES FOR LATTER.

5. ALOIS NDENZAKO, DIRECTOR OF MINES, SHOWED CAUTIOUS OPTIMISM IN CONVERSATION WITH EMBOFF AND SAID HE HOPED TO MAKE MORE DEFINITE STATEMENT IN NEAR FUTURE. HE HINTED THAT IT UNLIKELY GRB WILL GRANT A MINERAL CONCESSION UNTIL UN SURVEY COMPLETED

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(WHICH SHOULD BE SOME FOUR TO SIX MINTHS).

6. ACCORDING TO UN EXPERTS, JOHN THOMAS OF INTERSEAS WAS ABLE TO KEEP FOOT IN BURUNDI DOOR BY SIGNING PROTOCOL WITH GRB, VALID FOR TWO YEARS, COVERING EXPLORATION OF PETROLEUM DEPOSITS IN RUZIZI PLAIN AND IN BURUNDI PORT OF LAKE TANGANYIKA. AGREEMENT SAID TO INCLUDE 20 YEAR EXPLOITATION CLAUSE, RENEWABLE FOR ADDITIONAL TEN YEARS, WITH 60 PERCENT OF PROFITS GOING TO GRB. ST. JOE/INTERSEAS GROUP ALLOWED INSPECT MINERALS SITE ON LAST DAY OF BURUNDI VISIT AND THOMAS EXPECTED RETURN EARLY SEPTEMBER.

7. ALTHOUGH UNDP REPORTS NOT CONFIDENTIAL, THEY NOT YET PUBLISHED. THEREFORE REQUEST NEITHER UNDP MINERALS RESEARCH TEAM NOR AUTHORS OF REPORTS BE CITED AS SOURCES OUTSIDE OF USG.
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